

California  
Postsecondary  
Education  
Commission  
(CPED)

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# TO COMPETE IN A FLAT WORLD

*California Higher  
Education's Advantages,  
Lost Advantages, and  
Needed Advantages*

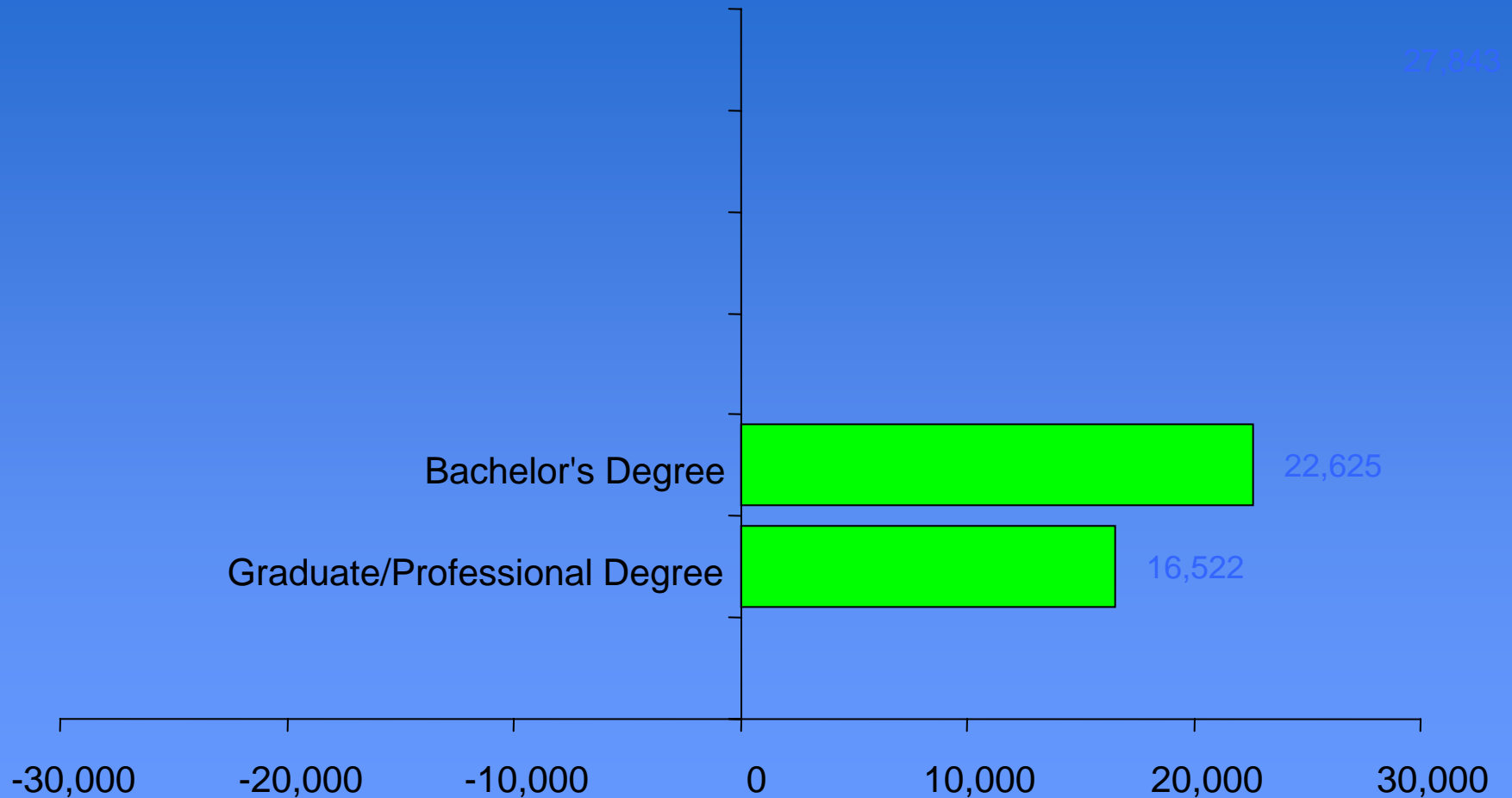
# Competing in the Flat World

- A high-skill/high-wage economy
  - Well educated
  - Indigenous to California
- Affordable high quality of life
- And evidence of this
- A Postsecondary Education system that supports such an economy, society, and personal life style
- *So, how does California stack up?*

# *What California has (and needs to keep)*

- As A State
  - A Very Competitive Economy – 3<sup>rd</sup> on the State New Economy Index
  - Wealth – 11<sup>th</sup> in personal income
  - Great on ROI to education – 1<sup>st</sup> in earnings difference between high-school and college (BA or AA)
  - Talent accumulation -- net importer of highly educated talent.

## *California Net Migration of Residents Age 22-64 by Level of Education, 2004-05*



# *What California has (and needs to keep)*

- Higher Education's Contribution
  - Research Excellence
    - 7 of the top 25 ranked Research Universities (Shanghai Jiao Tong index) in the West – Stanford (2), UC Berkeley (3), Cal Tech (5), UCLA (11), UCSD (12), UW (14), UCSF (16)
    - The Rest
      - East: 7 (1 quasi-public, 6 privates)
      - Mid West: 3 (2 publics, one private)
      - South: 1 (private)

# *What California has (and needs to keep)*

- Higher Education's Contribution
  - Human Capital
    - Leads the nation in adult participation (5.1% of adults 25-49 enrolled)
- Process rather than Product
  - Prestige
  - Mission Differentiation
  - An efficient financing structure

## *What does that mean – an efficient financing structure*

### ■ Funding Per FTE Student (2004)

	<u>California</u>	<u>WICHE</u>	<u>Rank</u>
2 Year Insts	\$5,599	\$6,884	15 <sup>th</sup>
BA/Masters	13,151	12,865	7 <sup>th</sup>
Research/Dr	45,295	32,736	2 <sup>nd</sup>

### ■ Share of Student by Sector

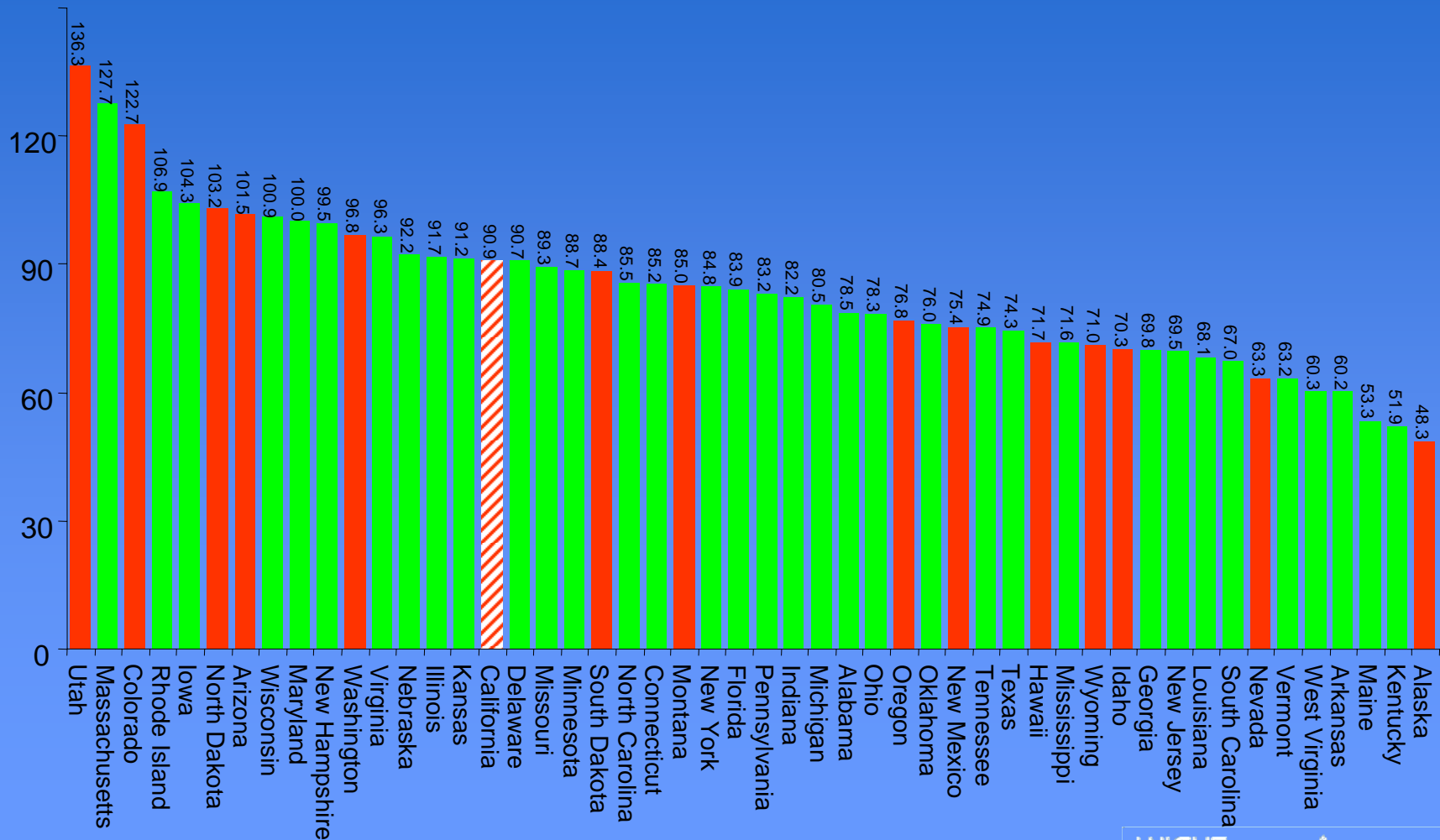
2 Years	61%	53%	1 <sup>st</sup>
BA/Masters	22	19	6 <sup>th</sup>
Research/Dr	17	29	15 <sup>th</sup>

# *What California has (and needs to keep)*

- A Reasonably Productive System --  
OVERALL



# Performance Relative to Total Funding per FTE – Overall Index Scores for State Higher Education Systems (NCHEMS)

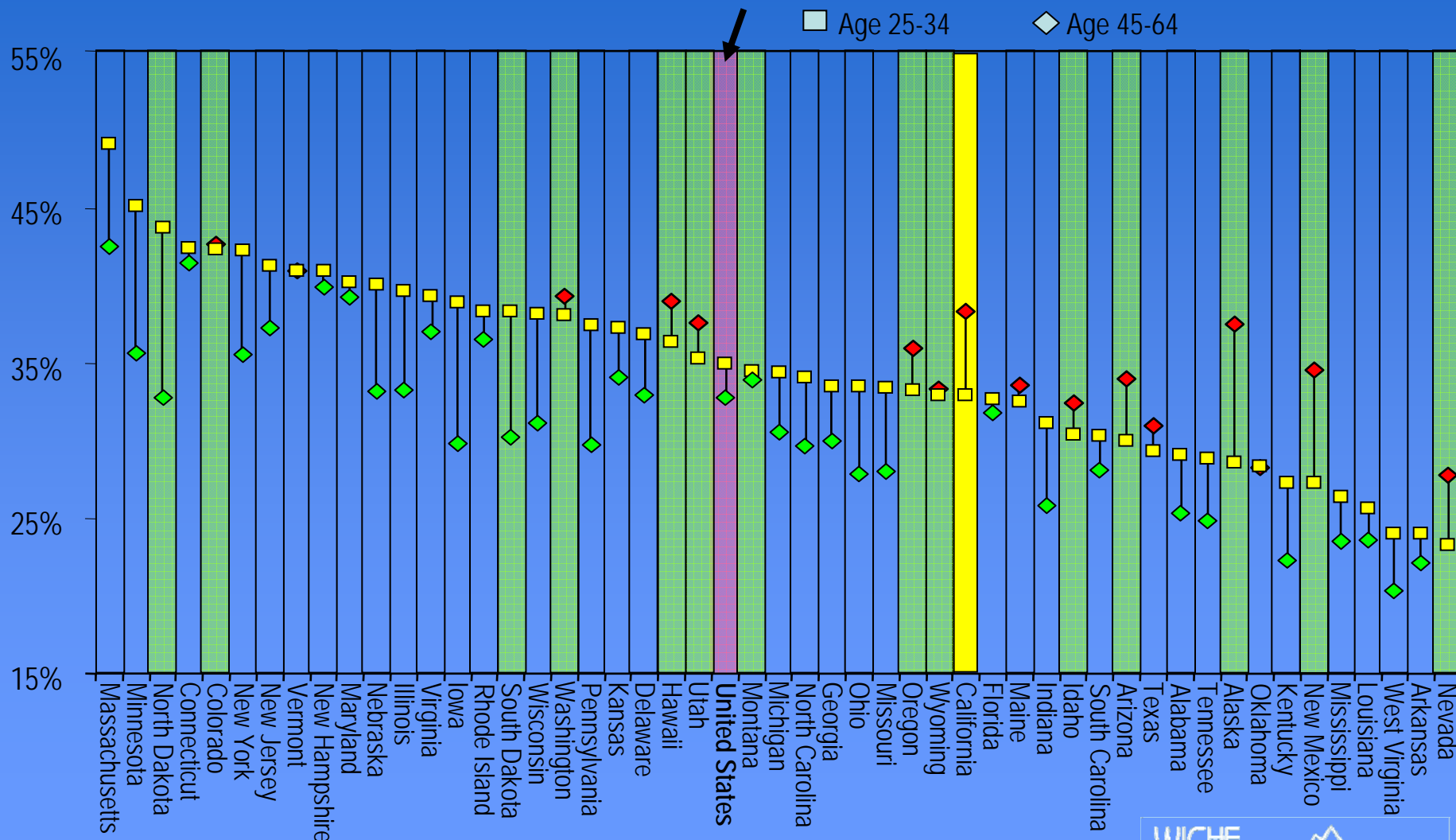


# *What California had, but lost (and needs to regain)*

- As A State
  - A Competitive Workforce

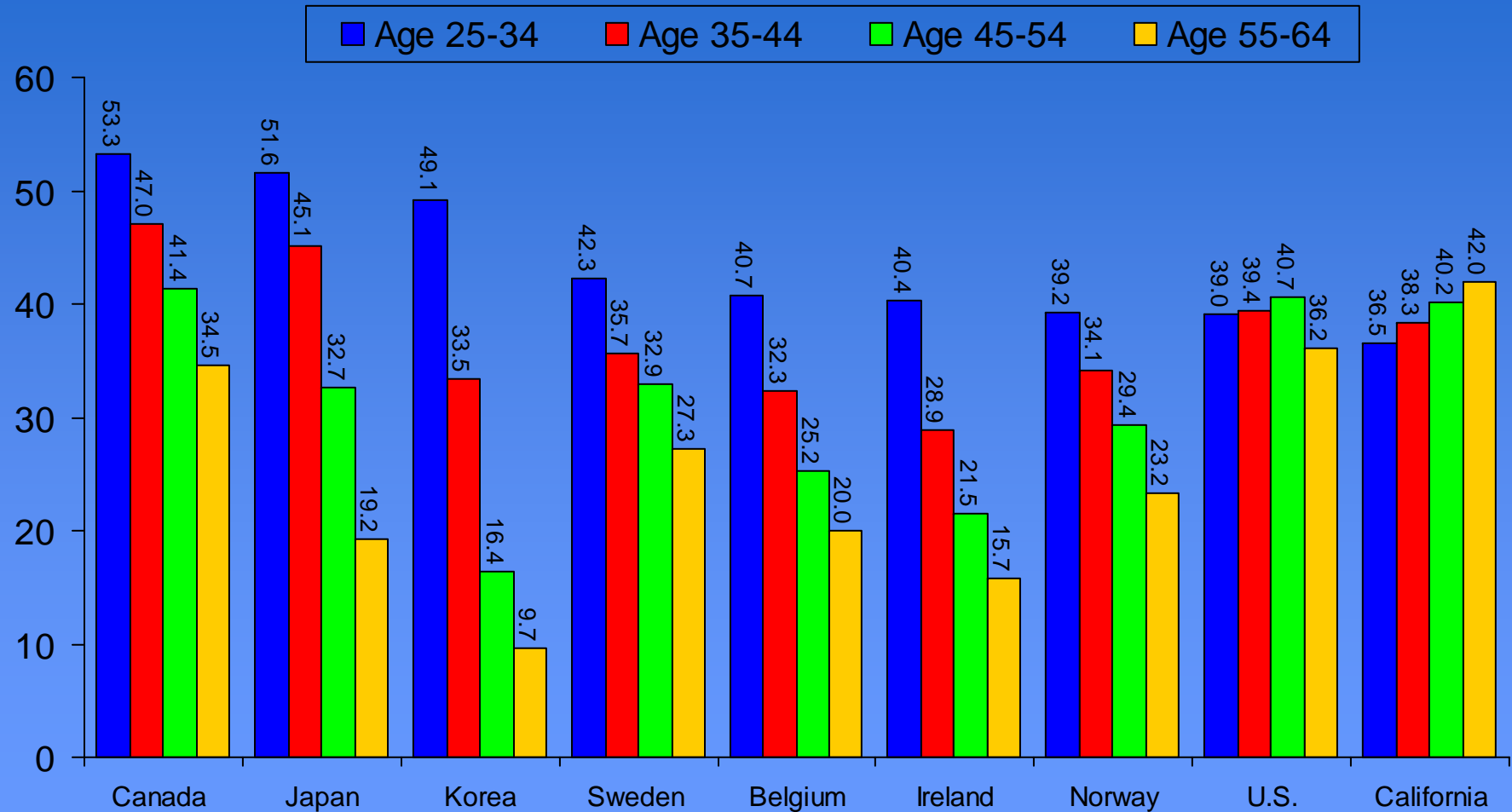
# Differential National Performance:

Differences in College Attainment (Associate and Higher) Between Young and Older Adults—Percent of Adults with College Degrees

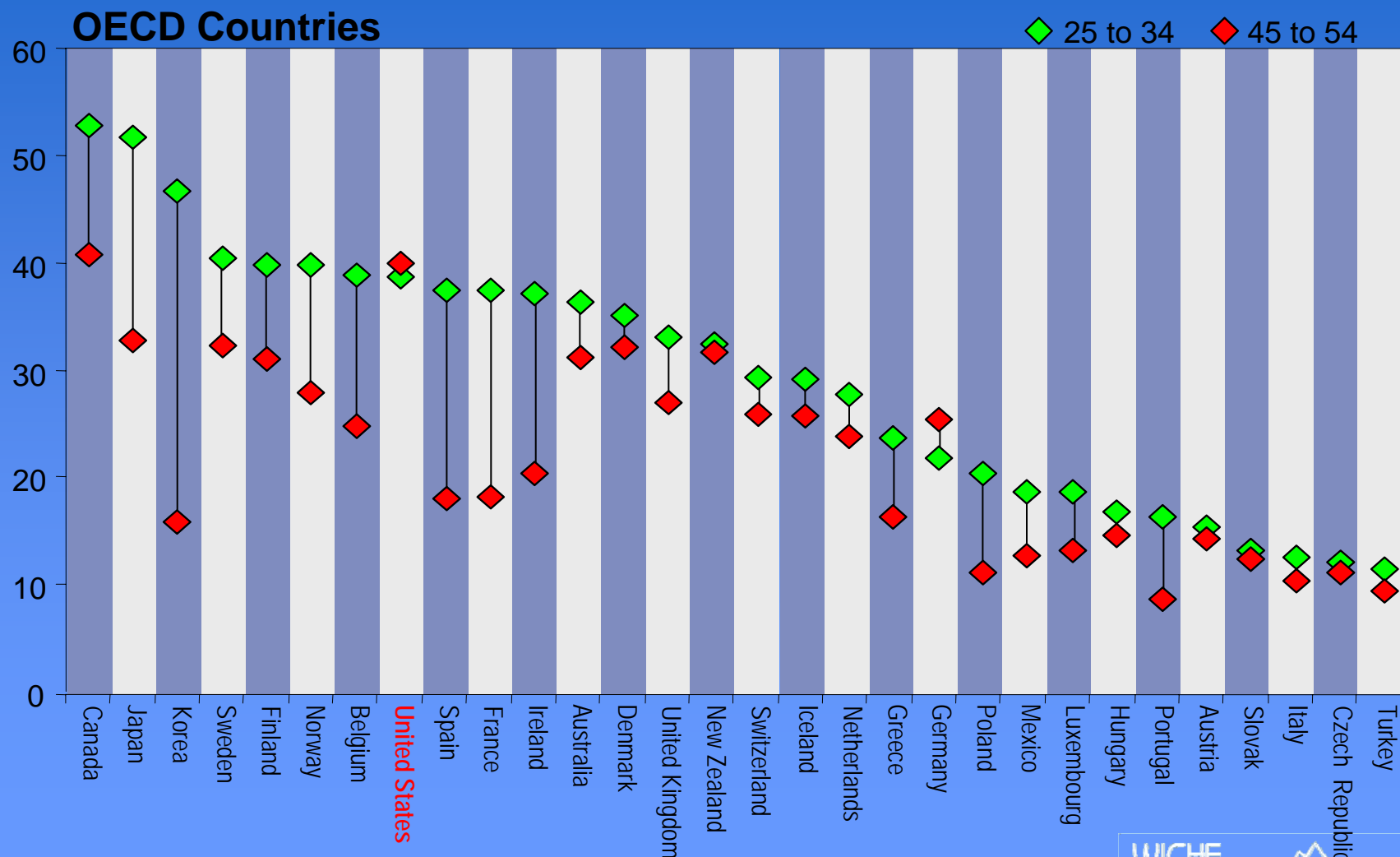


Source: U.S. Census Bureau, 2000 Census via *NCHEMS*

# Percent of Adults with an Associate Degree or Higher by Age Group—Leading OECD Countries, the U.S., and California



# International Competitive/Declining Performance: Percent of Adults with an Associate or Higher Degree

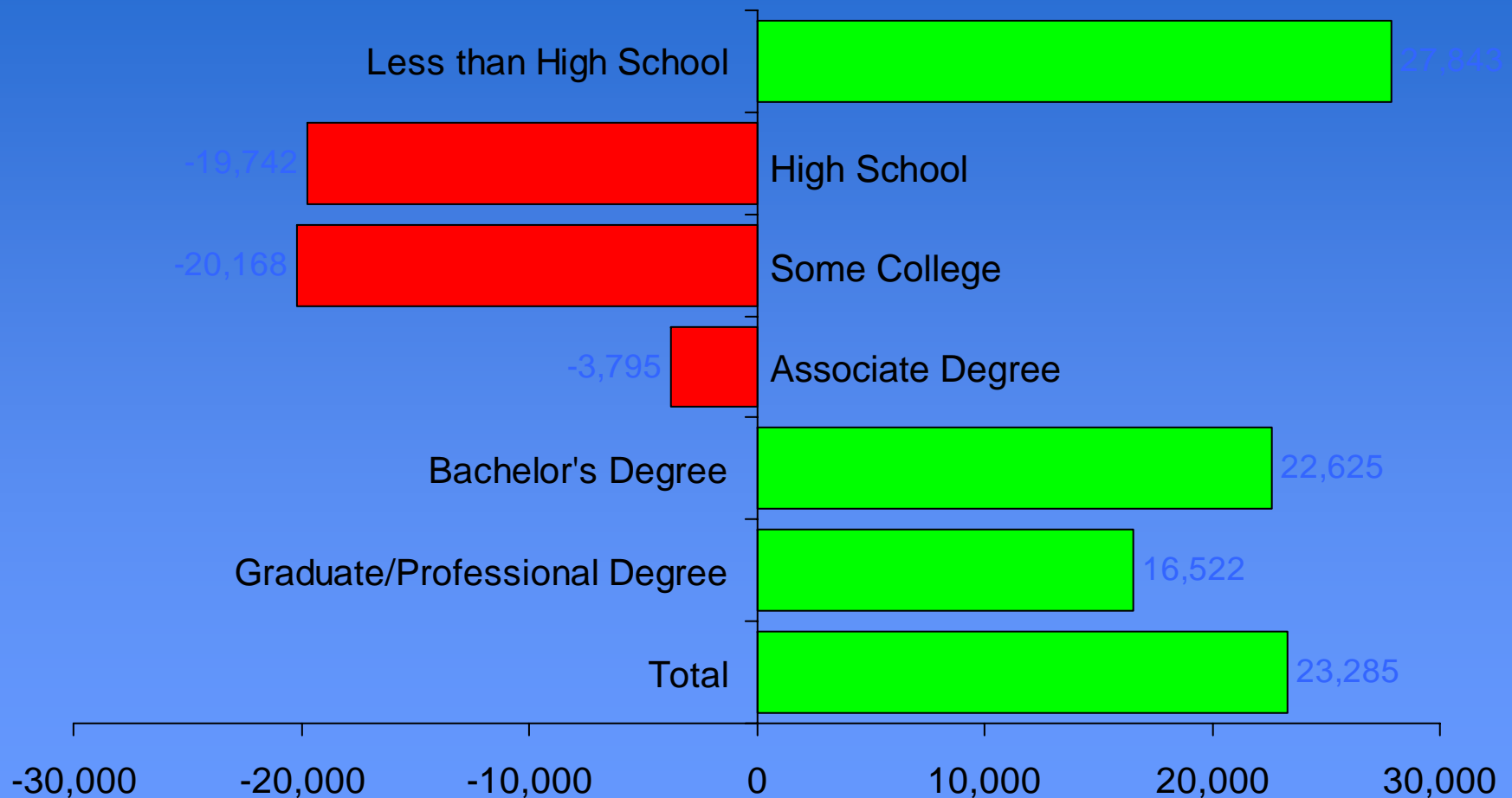


Source: Organisation of Economic Cooperation and Development, American Community Survey via *NCHEMS*

# *What California had, but lost (and needs to regain)*

- As A State
  - A Competitive Workforce
  - Talent Accumulation

# California Net Migration of Residents Age 22-64 by Level of Education, 2004- 05



# *What California had, but lost (and needs to regain)*

- As A State
  - A Competitive Workforce
  - Talent Accumulation
  - A viable education production function



*What does that mean – California has lost a viable production function?*

	<u>California</u>	<u>U.S.</u>	<u>Rank</u>
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Grad H.S. on time	70.7%	69.7%	30 <sup>th</sup>
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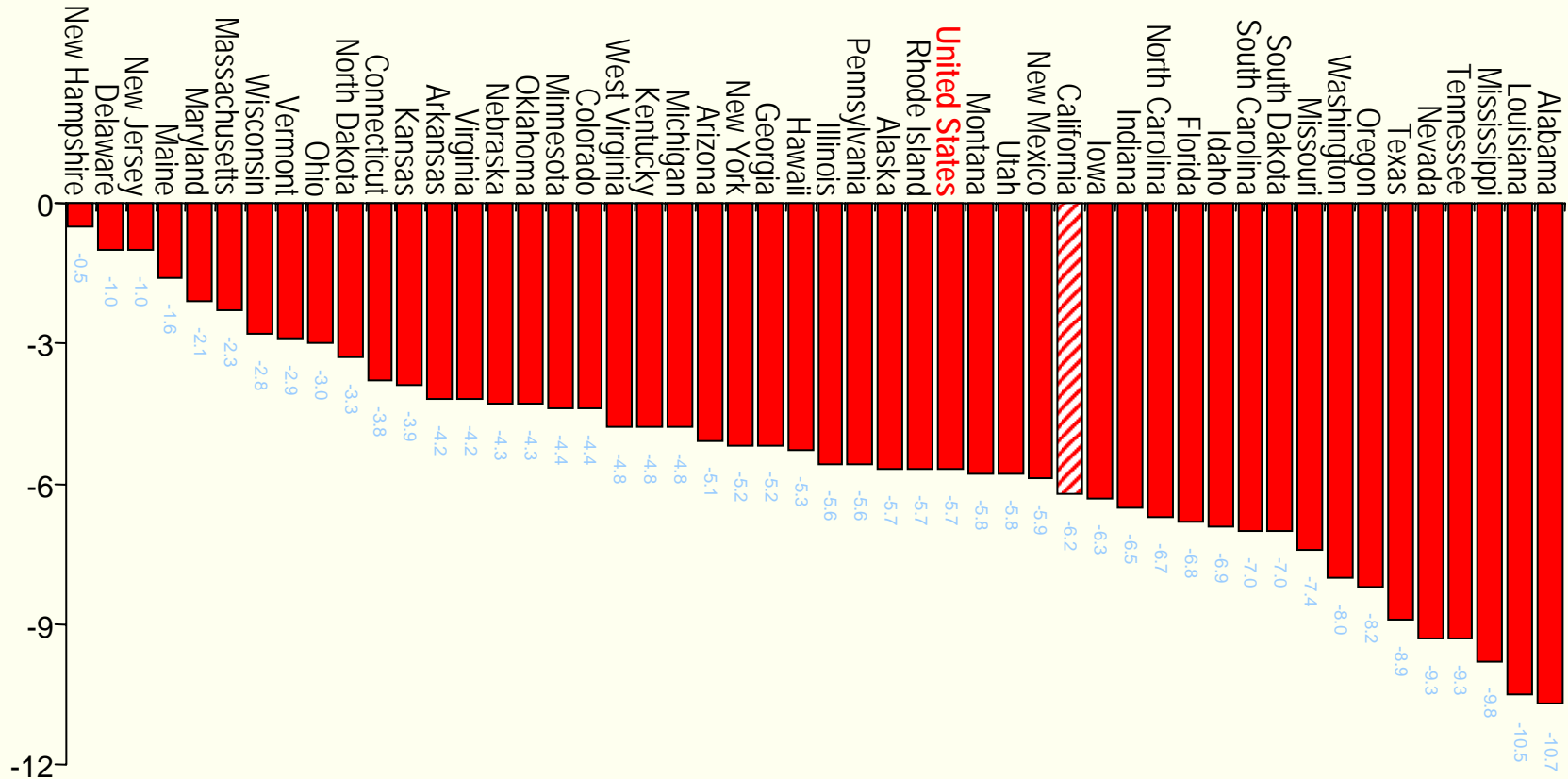
Enter College	30.9%	38.8%	46 <sup>th</sup>
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Grad-150% time	16.9%	18.4%	29 <sup>th</sup>
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# *What California had, but lost (and needs to regain)*

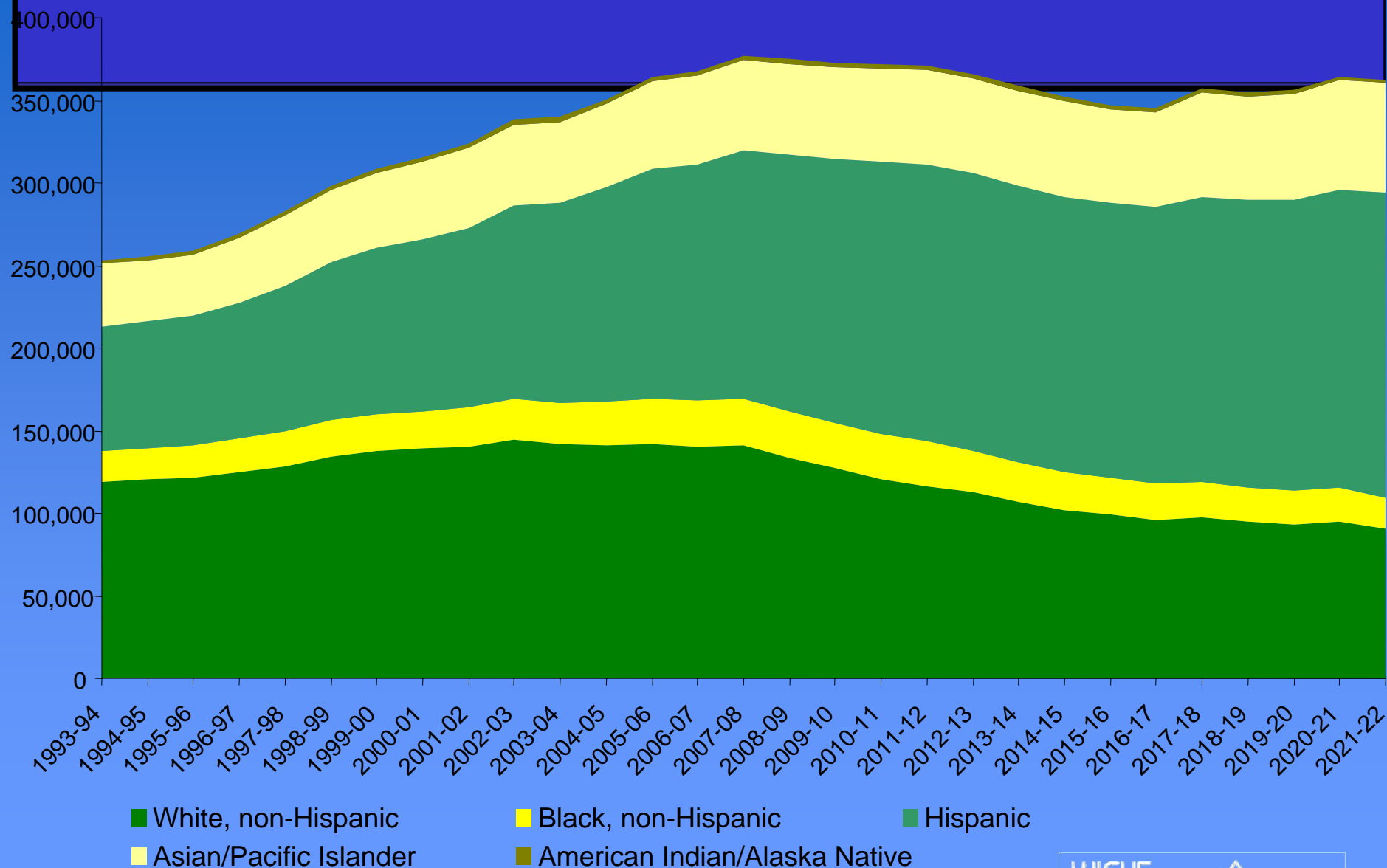
- As A State
  - A Competitive Workforce
  - Talent Accumulation
  - A viable education production function
  - The State Resources to Invest

# *Projected State and Local Budget Deficits as a Percent of Revenues, 2013*



Source: NCHEMS; Don Boyd (Rockefeller Institute of Government), 2005

# Public High School Graduates in California, by Race/Ethnicity, 1993-94 to 2004-05 (Actual), 2005-06 to 2021-22 (Projected)



# *What California had, but lost (and needs to regain)*

- Within Higher Education
  - An affordable system

# *How Can That Be – We lead in low fees and high financial aid*

- On tuition (06-07)
  - Community Colleges
    - US: \$2,272
    - WICHE: \$2,237
    - CA: \$690
  - 4-Year Institutions
    - US: \$5,836
    - WICHE: \$4,351
    - CA: \$4,220
- On financial aid
  - U.S.: \$446*
  - WICHE: \$386*
  - California: \$514*
- But that isn't that half of it.

## *How Can It Be So*

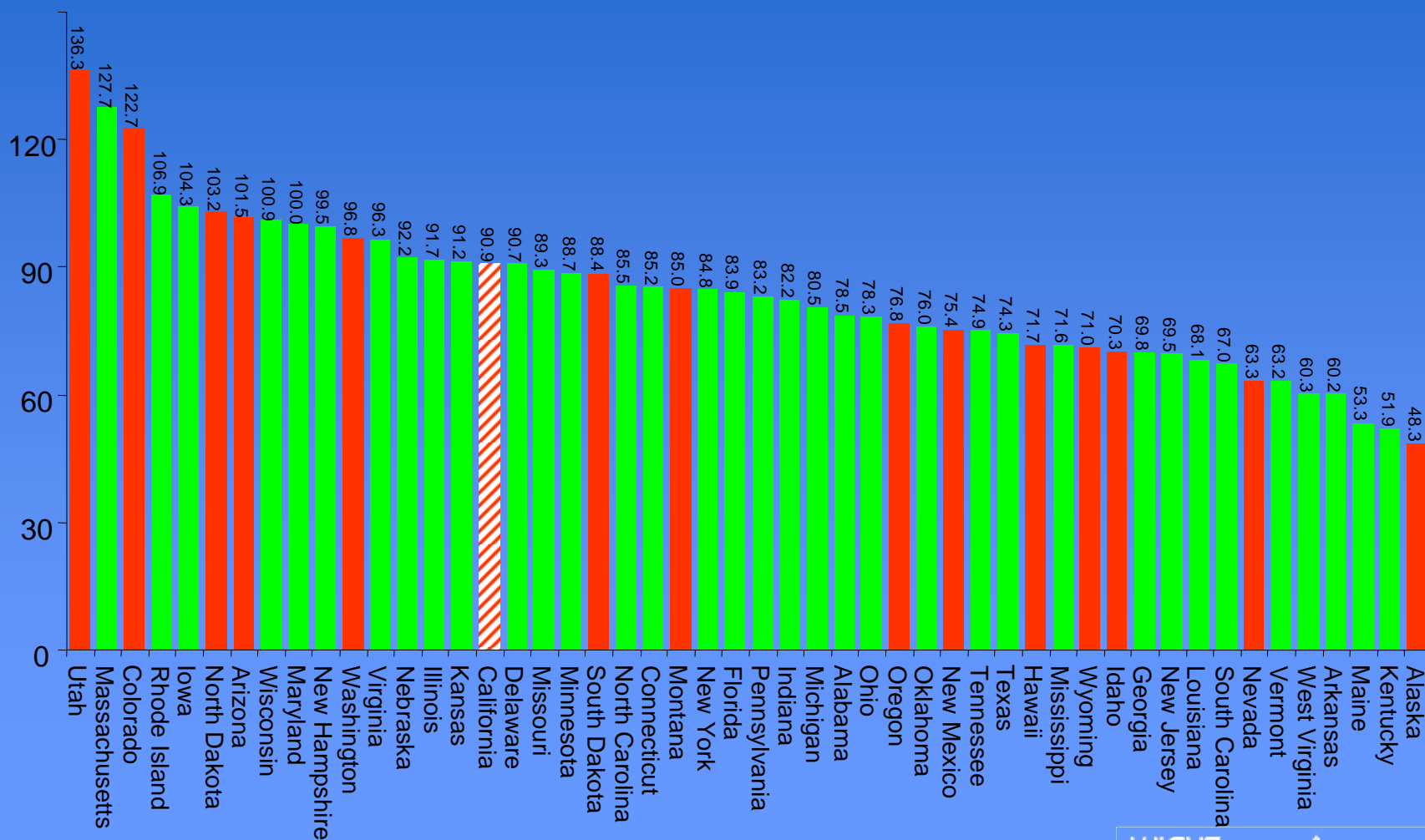
- Cheap Isn't Always Efficient
  - Can mean **Leaving Money On The Table**
    - Bad News
      - California Community Colleges leave substantial federal Pell & Tax Credits unused
  - Cost of living is a unique California challenge

# *What California had, but lost (and needs to regain)*

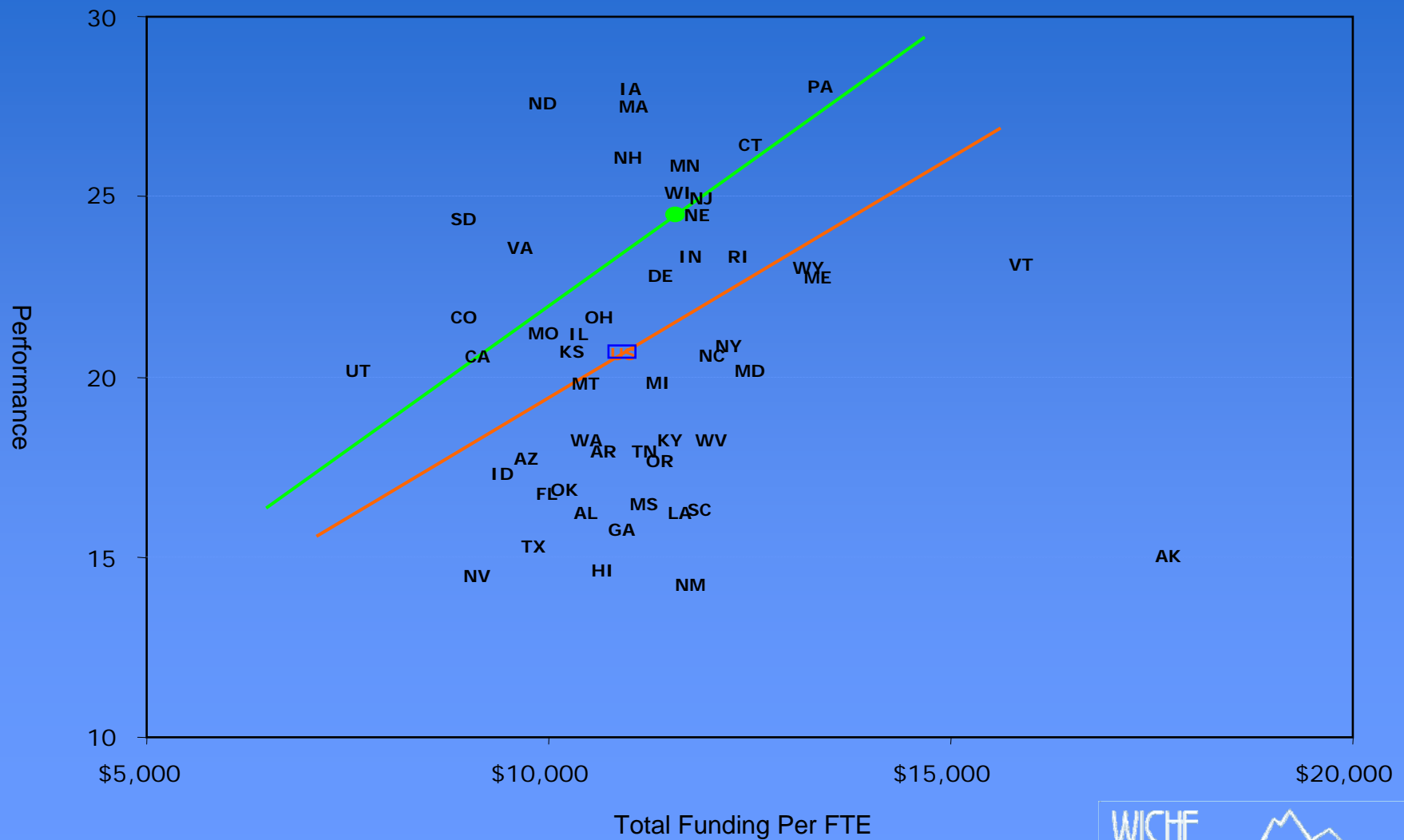
- Within Higher Education
  - An affordable system
  - A cost-effective system
    - Hold it, you just said . . .



# Performance Relative to Total Funding per FTE – Overall Index Scores for State Higher Education Systems (NCHEMS)



# Student Pipeline Result, 2002



# *What California had, but lost (and needs to regain)*

- Within Higher Education
  - An affordable system
  - A cost-effective system
  - A strong Community College system
    - **THROUGH PUT** Has To Improve
      - Resource Starved, Given The Mission
      - Funding Per FTE Student (2004)

	<u>CaliforniaWICHERank</u>		
2 Year Insts	\$5,599	\$6,884	15 <sup>th</sup>

# *What California never had (but really needs)*

- A true accountability structure
  - You lack **clear goals** – what California expects from higher education
  - You lack **strong metrics** – what measures would demonstrate progress toward those goals
  - You lack an **integrated data system** that is needed to support strong metrics
  - Nothing contemplated on **student learning**
- Higher Education needs to be an evidence-based public service

# Competing in the Flat World

- America led the world economy in the 20<sup>th</sup> Century
- And California led America
  - Exceptional Higher Education was key
  - Talent accumulation was also key
- Competition is no longer within American; it is global.
  - Others
    - Competing successfully on human capital
    - Preparing to compete on research
  - OECD prepared to hold us accountable
    - On evidence, not perception
- It's a new "New World"